

House Study Bill 279

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
JUDICIARY BILL BY CHAIRPERSON
MADDOX)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to certain agricultural liens.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
3 TLSB 1410HC 80
4 da/pj/5

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1 1 DIVISION I
1 2 AGRICULTURAL SUPPLY DEALERS LIEN
1 3 Section 1. Section 570A.1, Code 2003, is amended by adding
1 4 the following new subsections:
1 5 NEW SUBSECTION. 2A. "Agricultural supply" means an
1 6 agricultural chemical, seed, feed, or a petroleum product that
1 7 is used for an agricultural purpose.
1 8 NEW SUBSECTION. 3A. "Agricultural supply dealer lien" or
1 9 "lien" means the agricultural supply dealer lien created in
1 10 section 570A.3.
1 11 Sec. 2. Section 570A.1, Code 2003, subsections 3, 4, 11,
1 12 and 12, Code 2003, are amended to read as follows:
1 13 3. "Agricultural supply dealer" or "dealer" means a person
1 14 engaged in the retail sale of agricultural chemicals, seed,
1 15 feed, or petroleum products used for an agricultural purpose.
1 16 4. "Certified request" means a request delivered by
1 17 certified mail or registered or certified mail, or a request
~~1 18 delivered in person if in writing and signed and dated by the~~
1 19 respective parties, or in the manner provided by the Iowa
1 20 rules of civil procedure for the personal service of original
1 21 notice.
1 22 11. "Livestock" means cattle, sheep, swine, an animal
1 23 belonging to the bovine, caprine, equine, ovine, or porcine
1 24 species, ostriches, rheas, emus, poultry, or other animals or
~~1 25 fowl, fish or shellfish.~~
1 26 12. "Petroleum product" means a motor fuel or special fuel
1 27 which is used in the production of crops and or livestock,
1 28 including but not limited to motor fuel as defined in section
1 29 452A.2.
1 30 Sec. 3. Section 570A.2, subsection 1, Code 2003, is
1 31 amended to read as follows:
1 32 1. Upon the receipt of a certified request of an
1 33 agricultural supply dealer, prior to or upon a sale on a
1 34 credit basis of agricultural chemicals, seed, feed, or
~~1 35 petroleum products an agricultural supply~~ to a farmer, a
2 1 financial institution which has either a security interest in
2 2 collateral owned by the farmer or an outstanding loan to the
2 3 farmer for an agricultural purpose shall issue within four
2 4 business days a memorandum which states whether or not the
2 5 farmer has a sufficient net worth or line of credit to assure
2 6 payment of the purchase price on the terms of the sale. The
2 7 certified request submitted by the agricultural supply dealer
2 8 shall state the amount of the purchase and the terms of sale
2 9 and shall be accompanied by a waiver of confidentiality signed
2 10 by the farmer, and a fifteen dollar fee. The waiver of
2 11 confidentiality and the certified request may be combined and
2 12 submitted as one document. If the financial institution
2 13 states in its memorandum that the farmer has a sufficient net
2 14 worth or line of credit to assure payment of the purchase
2 15 price, the memorandum is an irrevocable and unconditional
2 16 letter of credit to the benefit of the agricultural supply
2 17 dealer for a period of thirty days following the date on which
2 18 the final payment is due for the amount of the purchase price
2 19 which remains unpaid. If the financial institution does not
2 20 state in its memorandum that the farmer has a sufficient net
2 21 worth or line of credit to assure payment of the purchase
2 22 price, the financial institution shall transmit the relevant
2 23 financial history which it holds on the person. This

2 24 financial history shall remain confidential between the
2 25 financial institution, the agricultural supply dealer, and the
2 26 farmer.

2 27 Sec. 4. Section 570A.3, Code 2003, is amended to read as
2 28 follows:

2 29 570A.3 LIEN CREATED.

2 30 ~~1- An agricultural supply dealer furnishing who provides~~
2 31 ~~an agricultural chemical, seed, or a petroleum product supply~~
2 32 ~~to a farmer has a lien shall have an agricultural lien as~~
2 33 ~~provided in section 554.9102. The agricultural supply dealer~~
2 34 ~~is a secured party and the farmer is a debtor for purposes of~~
2 35 ~~chapter 554, article 9. The amount of the lien shall be the~~
3 1 ~~amount owed to the agricultural supply dealer for the retail~~
3 2 ~~cost of the agricultural chemical, seed, or petroleum product~~
3 3 ~~supply, including labor furnished provided. The lien attaches~~
3 4 ~~applies to all crops of the following:~~

3 5 1. ~~Crops which are produced upon the land to which the~~
3 6 ~~agricultural chemical was applied, or produced from the seed~~
3 7 ~~furnished provided, or produced using the petroleum product~~
3 8 ~~furnished, for a period of sixteen months following the date~~
3 9 ~~of perfection of the lien pursuant to section 570A.4.~~
3 10 ~~However, the lien does not attach to that portion of the crops~~
3 11 ~~of a farmer who has paid all amounts due from the farmer for~~
3 12 ~~the retail cost, including labor, of provided. The lien shall~~
3 13 ~~not apply to any crops so produced upon the land after four~~
3 14 ~~hundred ninety days from the date that the farmer purchased~~
3 15 ~~the agricultural chemical, seed, or petroleum product provided~~
3 16 ~~supply.~~

3 17 2. ~~An agricultural supply dealer furnishing feed to a~~
3 18 ~~farmer has a lien for the unpaid amount of the retail cost of~~
3 19 ~~the feed, including labor. The lien attaches to all livestock~~
3 20 ~~livestock consuming the feed. However, the lien does not~~
3 21 ~~attach apply to that portion of the livestock of a farmer who~~
3 22 ~~has paid all amounts due from the farmer for the retail cost,~~
3 23 ~~including labor, of the feed.~~

3 24 Sec. 5. Section 570A.4, Code 2003, is amended by striking
3 25 the section and inserting in lieu thereof the following:

3 26 570A.4 PERFECTING THE LIEN == FILING REQUIREMENTS.

3 27 Except as provided in this section, a financing statement
3 28 filed to perfect an agricultural supply dealer lien shall be
3 29 governed by chapter 554, article 9, part 5, in the same manner
3 30 as any other financing statement.

3 31 1. The lien becomes effective at the time that the farmer
3 32 purchases the agricultural supply.

3 33 2. In order to perfect the lien, the agricultural supply
3 34 dealer must file a financing statement in the office of the
3 35 secretary of state as provided in section 554.9308 within
4 1 thirty-one days after the date that the farmer purchases the
4 2 agricultural supply. The financing statement shall meet the
4 3 requirements of section 554.9502, subsection 1, and include
4 4 all applicable information described in section 554.9516.
4 5 Filing a financing statement as provided in this subsection
4 6 satisfies all requirements for perfection of an agricultural
4 7 lien as provided in chapter 554, article 9.

4 8 Sec. 6. Section 570A.5, Code 2003, is amended to read as
4 9 follows:

4 10 570A.5 PRIORITY OF LIEN.

4 11 ~~1- A Except as provided in this section, an agricultural~~
4 12 ~~supply dealer's lien that is effective or perfected under this~~
4 13 ~~chapter is superior to a lien or security interest which~~
4 14 ~~attaches subsequent to the time the lien statement is filed~~
4 15 ~~with the secretary of state, except liens which arise under~~
4 16 ~~this chapter or under chapters 570 and 571 as provided in~~
4 17 ~~section 570A.4 shall be subject to the rules of priority as~~
4 18 ~~provided in section 554.9322. For an agricultural supply~~
4 19 ~~dealer's lien that is perfected under section 570A.4, all of~~
4 20 ~~the following shall apply:~~

4 21 ~~2- 1. A The lien shall have priority over a lien perfected~~
4 22 ~~under this chapter is equal to a lien or security interest~~
4 23 ~~which is of record or which is perfected prior to the time the~~
4 24 ~~lien statement is filed with the secretary of state except as~~
4 25 ~~provided in section 570A.2, subsection 3 that applies~~
4 26 ~~subsequent to the time that the agricultural supply dealer's~~
4 27 ~~lien is perfected.~~

4 28 ~~3- 2. A Except as provided in section 570A.2, subsection~~
4 29 ~~3, the lien perfected under this chapter for the purposes of~~
4 30 ~~feed will continue to be perfected in the livestock and takes~~
4 31 ~~shall have equal priority to a lien or security interest which~~
4 32 ~~is perfected prior to the time that the agricultural supply~~
4 33 ~~dealer's lien is perfected.~~

4 34 3. A lien in livestock feed shall have priority over an

earlier perfected lien or security interest to the extent of the difference between the acquisition price of the livestock and the fair market value of the livestock at the time the lien attaches or the sale price of the livestock, whichever is greater.

4. The following agricultural liens shall have priority over an agricultural supply dealer's lien regardless of when the agricultural supply dealer's lien is perfected:

a. A landlord's lien that is perfected pursuant to section 570.1 which has priority as provided in that section.

b. A harvester's lien that is perfected pursuant to section 571.3 which has priority as provided in section 571.3A.

c. A custom cattle feedlot lien that is perfected pursuant to section 579A.2 which has priority as provided in that section.

d. A commodity production contract lien that is perfected as provided in section 579B.4 which has priority as provided in that section.

e. A veterinarian's lien that is perfected as provided in section 581.3 which has priority as provided in section 581.2.

Sec. 7. Section 570A.6, Code 2003, is amended by striking the section and inserting in lieu thereof the following:

570A.6 ENFORCEMENT OF LIEN.

An agricultural supply dealer may enforce an agricultural supply dealer's lien in the manner provided for agricultural liens pursuant to chapter 554, article 9, part 6.

Sec. 8. Sections 570A.7 through 570A.11, Code 2003, are repealed.

DIVISION II

HARVESTER'S LIEN

Sec. 9. NEW SECTION. 571.1A DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Crop" includes but is not limited to corn, soybeans, hay, straw, and crops produced on trees, vines, or bushes.

2. "Harvester" means a person who performs harvesting services.

3. "Harvesting services" means baling, chopping, combining, cutting, husking, picking, shelling, stacking, threshing, or winnowing a crop, regardless of the means or method employed.

4. "Harvester's lien" or "lien" means the harvester's lien created in section 571.1B.

Sec. 10. NEW SECTION. 571.1B LIEN CREATED.

A harvester shall have an agricultural lien as provided in section 554.9102 for the reasonable value of harvesting services. The harvester is a secured party and the person for whom the harvester renders such harvesting services is a debtor for purposes of chapter 554, article 9. The lien applies to crops harvested by the harvester.

Sec. 11. Section 571.3, Code 2003, is amended by striking the section and inserting in lieu thereof the following:

571.3 PERFECTING THE LIEN == FILING REQUIREMENTS.

Except as provided in this section, a financing statement filed to perfect a harvester's lien shall be governed by chapter 554, article 9, part 5, in the same manner as any other financing statement.

1. The lien becomes effective at the time that the harvesting services provided under section 571.1B are rendered.

2. In order to perfect the lien, the harvester must file a financing statement in the office of the secretary of state as provided in section 554.9308 within ten days after the last date that the harvesting services were rendered. The financing statement shall meet the requirements of section 554.9502, subsection 1, and include all applicable information described in section 554.9516. Filing a financing statement as provided in this subsection satisfies all requirements for perfection of an agricultural lien as provided in chapter 554, article 9.

Sec. 12. NEW SECTION. 571.3A PRIORITY OF LIEN.

Except as provided in this section, section 554.9322 shall govern the priority of a harvester's lien that is effective or perfected as provided in section 571.3.

1. A harvester's lien that is effective but not perfected under section 571.3 shall have priority as provided in section 554.9322.

2. A harvester's lien that is perfected under section 571.3 shall have priority over a conflicting security interest in harvested crops regardless of when such security interest

7 11 is perfected. Except for a perfected commodity production
7 12 contract lien as provided in subsection 3, a perfected
7 13 harvester's lien shall have priority over a conflicting lien
7 14 including a landlord's lien as provided in chapter 570,
7 15 regardless of when such security interest or lien is
7 16 perfected.

7 17 3. A commodity production contract lien that is perfected
7 18 as provided in section 579B.4, and that has priority as
7 19 provided in that section, shall have priority over a
7 20 harvester's lien regardless of when the harvester's lien is
7 21 perfected.

7 22 Sec. 13. Section 571.5, Code 2003, is amended to read as
7 23 follows:

7 24 571.5 ENFORCEMENT OF LIEN.

7 25 A ~~harvester may enforce a harvester's lien as provided in~~
7 26 ~~this chapter may be enforced~~ in the manner provided for
7 27 agricultural liens pursuant to the uniform commercial code,
7 28 chapter 554, article 9, part 6.

7 29 Sec. 14. Sections 571.1, 571.2, 571.4, and 571.6, Code
7 30 2003, are repealed.

7 31 DIVISION III

7 32 VETERINARIAN'S LIEN

7 33 Sec. 15. NEW SECTION. 581.1A DEFINITIONS.

7 34 As used in this chapter, unless the context otherwise
7 35 requires:

8 1 1. "Livestock" means an animal belonging to the bovine,
8 2 caprine, equine, ovine, or porcine species, ostriches, rheas,
8 3 emus, poultry, or fish or shellfish.

8 4 2. "Veterinarian" means a person who practices veterinary
8 5 medicine under a valid license or temporary permit as provided
8 6 in chapter 169.

8 7 3. "Veterinarian's lien" or "lien" means a veterinarian's
8 8 lien created under section 581.2A.

8 9 Sec. 16. Section 581.2, Code 2003, is amended by striking
8 10 the section and inserting in lieu thereof the following:

8 11 581.2 PRIORITY.

8 12 Except as provided in this section, section 554.9322 shall
8 13 govern the priority of a veterinarian's lien that is effective
8 14 or perfected as provided in section 581.3.

8 15 1. A veterinarian's lien that is effective but not
8 16 perfected under section 581.3 shall have priority as provided
8 17 in section 554.9322.

8 18 2. A veterinarian's lien that is perfected under section
8 19 581.3 shall have priority over any conflicting security
8 20 interest in livestock treated by a veterinarian, regardless of
8 21 when such security interest is perfected. A perfected
8 22 veterinarian's lien in livestock treated by a veterinarian
8 23 shall have priority over any conflicting lien in the livestock
8 24 regardless of when such lien is perfected, including but not
8 25 limited to any of the following agricultural liens:

8 26 a. A landlord's lien that is perfected pursuant to section
8 27 570.1 which has priority as provided in that section.

8 28 b. An agricultural supply dealer's lien that is perfected
8 29 pursuant to section 570A.4 which has priority as provided in
8 30 section 570A.5.

8 31 c. A custom cattle feedlot lien that is perfected pursuant
8 32 to section 579A.2 which has priority as provided in that
8 33 section.

8 34 d. A commodity production contract lien that is perfected
8 35 as provided in section 579B.4 which has priority as provided
9 1 in that section.

9 2 Sec. 17. NEW SECTION. 581.2A LIEN CREATED.

9 3 A veterinarian shall have an agricultural lien as provided
9 4 in section 554.9102 for the actual and reasonable value of
9 5 treating livestock, including the cost of any product used and
9 6 the actual and reasonable value of any professional service
9 7 rendered by the veterinarian. The veterinarian is a secured
9 8 party and the owner of the livestock is a debtor for purposes
9 9 of chapter 554, article 9. The lien applies to the livestock
9 10 treated by the veterinarian.

9 11 Sec. 18. Section 581.3, Code 2003, is amended by striking
9 12 the section and inserting in lieu thereof the following:

9 13 581.3 PERFECTING THE LIEN == FILING REQUIREMENTS.

9 14 Except as provided in this section, a financing statement
9 15 filed to perfect a veterinarian's lien shall be governed by
9 16 chapter 554, article 9, part 5, in the same manner as any
9 17 other financing statement.

9 18 1. The lien becomes effective at the time that the
9 19 veterinarian treats the livestock.

9 20 2. In order to perfect the lien, the veterinarian must
9 21 file a financing statement in the office of the secretary of

9 22 state as provided in section 554.9308 within sixty days after
9 23 the day that the veterinarian treats the livestock. The
9 24 financing statement shall meet the requirements of section
9 25 554.9502, subsection 1, and include all applicable information
9 26 described in section 554.9516. Filing a financing statement
9 27 as provided in this subsection satisfies all requirements for
9 28 perfection of an agricultural lien as provided in chapter 554,
9 29 article 9.

9 30 Sec. 19. Section 581.4, Code 2003, is amended to read as
9 31 follows:

9 32 581.4 ENFORCEMENT.

9 33 ~~The lienholder~~ A veterinarian may enforce ~~the a~~
9 34 ~~veterinarian's lien by a suit in equity in the manner provided~~
9 35 ~~for agricultural liens pursuant to the uniform commercial~~

10 1 ~~code, chapter 554, article 9, part 6.~~

10 2 Sec. 20. Section 602.8012, subsection 82, Code 2003, is
10 3 amended to read as follows:

10 4 82. Carry out duties relating to liens as provided in
10 5 chapters 249A, 570, 571, 572, 574, 580, 581, 582, and 584.

10 6 Sec. 21. Section 581.1, Code 2003, is repealed.

10 7 EXPLANATION

10 8 BACKGROUND. In 2000, the general assembly enacted House
10 9 File 2513 (2000 Iowa Acts, chapter 1149) adopting revised
10 10 article 9 of the uniform commercial code (Code chapter 554) as
10 11 proposed by the American law institute and the national
10 12 conference of commissioners on uniform state laws, and
10 13 conforming amendments to a number of articles within the Code
10 14 chapter as well as other Code chapters providing for security
10 15 interests and liens.

10 16 ARTICLE 9 AND AGRICULTURAL LIENS. With limited exceptions,
10 17 new article 9 governs the creation, priority, and enforcement
10 18 of creditor's consensual liens, which are defined as security
10 19 interests in personal property and fixtures. Revised article
10 20 9, like its predecessor, provides generally for the
10 21 effectiveness of security agreements and the rights and duties
10 22 of creditors (i.e., secured parties), including parties having
10 23 possession and control of collateral. Much of revised article
10 24 9 provides for perfecting a security interest, usually
10 25 accomplished by filing a financing statement. The article
10 26 provides for the contents of financing statements and the
10 27 location where such financing statements must be filed (e.g.,
10 28 with the secretary of state). In perfecting a security
10 29 interest, a debtor is generally assured rights in the
10 30 collateral superior to a security interest perfected later in
10 31 time. Prior to the revision of article 9, liens created in
10 32 statutes outside Code chapter 554 were not affected by the
10 33 provisions of Code chapter 554. These liens include types of
10 34 agricultural liens such as those created for landlords (Code
10 35 chapter 570), agricultural supply dealers (Code chapter 570A),
11 1 threshers and cornshellers (Code chapter 571), custom cattle
11 2 feedlots (Code chapter 579A), contract producers of
11 3 commodities (Code chapter 579B), and veterinarians (Code
11 4 chapter 581). These Code chapters provide that persons filing
11 5 these liens enjoy super priority. Revised article 9 provides
11 6 filing requirements for perfecting agricultural liens, and
11 7 therefore may control issues relating to priority of
11 8 conflicting security interests and liens.

11 9 PROVISIONS OF THE BILL. The bill amends Code chapters
11 10 570A, 571, and 581 by eliminating requirements for filing that
11 11 are inconsistent with the requirements contained in revised
11 12 article 9. The bill expressly states that the liens are
11 13 agricultural liens, replaces references to lien statements
11 14 with financing statements, and maintains their priority status
11 15 over other security interests and liens to the extent that
11 16 these liens also have been perfected as agricultural liens
11 17 under revised article 9.

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